

# Arkansas Science & Technology Authority

## Board of Directors – Operating Guide

October 14, 2005



**Public Purpose:** Arkansas Science and Technology Authority established. There is hereby established for the State of Arkansas the Arkansas Science and Technology Authority, hereinafter referred to as "The Authority," which shall have the powers, functions, and duties, as hereinafter provided, to be the instrumentality of this State to exert leadership in and to give direction to a broad spectrum of programs and services designed to gain for this State and its people the benefits and opportunities to be realized through advanced science and technology.

Act 859 of 1983

As Amended

### Table of Contents

Section 1: Mission .....	2
Section 2: Customers .....	2
Section 3: Products and Services .....	2
Products .....	2
Manufacturing Extension Services .....	3
Section 4: Goals for the 2006-2007 Biennium .....	3
Section 5: Board of Directors .....	3
Section 6: Board Duties .....	3
6.1 Review Statutory Requirements .....	3
6.1.1 Statement of Financial Interest (ACA §§21-8-201 through 21-8-204) .....	3
6.1.2 Conflict of Interest .....	3
6.1.3 Board Meeting Attendance (ACA §25-16-804) .....	4
6.1.4 Vote on Expense Reimbursement Authorization (ACA §25-16-902) .....	4
6.1.5 Freedom of Information (ACA §25-19-106) .....	5
6.2 Set Meeting Schedule .....	5
6.3 Nominate and Elect Officers .....	5
6.4 Approve Biennial Budget Request .....	5
6.5 Accept Expenditure Reports .....	6
6.6 Establish Board Committees .....	6
Research Committee .....	6
Investment Committee .....	6
Industry Committee .....	7
6.7 Establish Advisory Committees; Approve Membership .....	7
6.8 Approve Program Rules .....	7
6.9 Approve Program Guidelines .....	7
6.10 Approve Investments in R&D Projects .....	7
6.11 Accept TTAG Investments .....	7

6.12 Receive Legislative Audit Report.....	8
6.13 Approve Annual Report.....	8
6.14 Establish Other Board Policies and Procedures.....	8
6.15 Review Assignment of Duties .....	8
Section 7: Change History .....	8
Section 8: Approval .....	8

## **Section 1: Mission**

The statutory mission of the Arkansas Science & Technology Authority is to bring the benefits of science and advanced technology to the people and state of Arkansas.

## **Section 2: Customers**

The key is successful Arkansas firms, which will be driven by global competition to use more advanced technology, deal with sources of capital that are familiar with financing technology, and employ increasing numbers of knowledge-based workers. In 1997, the Authority's Board of Directors defined the Authority's customer as follows.

The customer is any Arkansas firm, or any firm desiring to locate in Arkansas.

Refinements: The customer can be any Arkansas firm with rapid growth, high value added, and in primary industry. Special attention should be given to firms in the Technology Sector (to be defined) of the state's economy. Colleges and universities, schools, sources of capital, and federal labs provide supportive infrastructure for the customer, and for the people and the state of Arkansas. It is in the state's best interest to build infrastructure for the future.

## **Section 3: Products and Services**

The Authority's mission is carried out through statutory strategies to promote (1) scientific research, (2) technology development, (3) business innovation, and (4) education at all levels. Its research and development products and services include the following:

### **Products**

- Basic Research Grants
- Arkansas Research Matching Grants
- Applied Research Grants (and R&D Tax Credit)
- Centers for Applied Technology
- Technology Transfer Assistance Grants
- Technology Development Investments
- Seed Capital Investments
- Economic Incentives
- Math and Science Education

## **Manufacturing Extension Services**

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- Service Agreements

## **Section 4: Goals for the 2006-2007 Biennium**

The Board has five goals for the 2006-2007 biennium.

- Goal 1: To plan, promote, influence, and support with high quality programs and services the commercialization of research innovations thereby helping to grow the Arkansas economy and increase per capita income.
- Goal 2: To increase research activities in Arkansas.
- Goal 3: To develop new products and firms.
- Goal 4: To maintain and transform existing enterprises into knowledge-based companies and increase global competitiveness.
- Goal 5: To become a more effective and efficient organization through the application of quality management.

## **Section 5: Board of Directors**

The function of the Board of Directors is to govern the Arkansas Science & Technology Authority.

Arkansas Code Annotated (ACA) sections 15-3-101 through 15-3-134 establish the Authority and the Authority's Board of Directors and specify its membership (ACA §15-3-104), organization (ACA §§15-3-105 and 15-3-106), meetings (ACA §15-3-107), powers and duties (ACA §15-3-108), and power to carry out programs (ACA §15-3-109 and following sections).

## **Section 6: Board Duties**

The Board of Directors routinely carries out the following activities that define its duties.

### **6.1 Review Statutory Requirements**

In addition to the Authority's enabling legislation, the Board is also subject to the following statutory requirements:

#### *6.1.1 Statement of Financial Interest (ACA §§21-8-201 through 21-8-204)*

On or before January 31 of each calendar year, Board members are required to submit to the Secretary of State a statement of financial interest.

#### *6.1.2 Conflict of Interest*

Conflict of interest for Board members is specifically addressed in the Authority's enabling legislation (ACA §15-3-112), is generally addressed in broader conflict of interest legislation (ACA §21-8-1001), and is interpreted in an opinion from the Attorney General (Opinion No. 96-129).

There are two specific prohibitions. First, **no director**, officer, or employee of the Authority, shall have any interest, for the purpose of personal gain, in any grant or investment of the Authority. Second, **the Authority** shall not invest in any qualified security of an enterprise that is owned, wholly or partially, directly or indirectly, by any director or officer of the authority, or of any enterprise that employs a director of the Authority.

The only exclusion from personal interest allowed for Board members is contained in ACA §15-3-112 (c), which reads:

It shall not be a violation of this section for the authority to permit any college, university, or other nonprofit institution with which a director of the authority is affiliated to participate in any program of the authority, provided that the director shall promptly disclose the nature of the affiliation to the board.

In addition, there are two general prohibitions. No member of a state board or commission shall use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others. No member of a state board or commission shall disclose confidential information acquired by him or her in the course of the member's official duties, or use such information to further his or her personal interests. In the 2001 legislative session, these provisions were extended by Act 1244 of 2001 to the boards of entities receiving state funds.

#### 6.1.3 Board Meeting Attendance (ACA §25-16-804)

A board or commission member shall be subject to removal from the board or commission in the event the member shall fail to present to the Governor a satisfactory excuse for his absence. Unexcused absences from three (3) successive regular meetings, without attending any intermediary called special meetings, shall constitute sufficient cause for removal. A board member with excessive absences is not eligible for travel reimbursement for board meeting until the Governor excuses the absences.

#### 6.1.4 Vote on Expense Reimbursement Authorization (ACA §25-16-902)

During the first meeting of each calendar year, the Board will establish travel reimbursement rates for Board members performing official Board duties. The rate will not exceed the rate for state employees established by travel regulations.

#### 6.1.5 Freedom of Information (ACA §25-19-106)

In all proceedings, the Authority shall follow rules set forth in Act 93 of 1967, as amended, governing "Freedom of Information." All meetings of the Board of Directors, formal or informal, special or regular, shall be public meetings. The time and place of each regular or special meeting shall be announced to representatives of the news media requesting notification at least twenty-four (24) hours before said meeting. (Reference: ACA §25-19-106(a).)

Executive Sessions: Executive sessions of the Board will be permitted only for the purpose of considering employment, appointment, promotion, demotion, disciplining, or resignation of any public officer or employee. No resolution, ordinance, rule, contract, regulation, or motion considered or arrived at in executive session will be binding unless following the executive session the Board of Directors reconvenes in public session and presents and votes on such resolution, ordinance, rule, contract, regulation, or motion. (Reference: ACA § 25-19-106(c).)

### **6.2 Set Meeting Schedule**

The Board meets five times each year at regularly scheduled Board meetings that are traditionally held on the third Friday of January, March, May, September, and November.

### **6.3 Nominate and Elect Officers**

The Board Chair appoints a nominating committee at the May Board meeting. The nominating committee is usually comprised of past Board chairs, or in the case where there are no past chairs, more senior members of the Board.

The nominating committee makes its report at the September Board meeting, recommending candidates for chair, vice chair, and secretary.

- Chair: The Chair shall preside at all meetings of the Board of Directors and appoint members to the committees of the Board of Directors.
- Vice-Chair: The Vice-Chair shall preside, in the absence of the Chair, at meetings of the Board of Directors.
- Secretary: The Secretary shall sign all documents approved by the Board of Directors and preside at meetings of the Board in the absence of the Chair and Vice-Chair.

The Board usually elects its new officers at the September meeting.

### **6.4 Approve Biennial Budget Request**

At its May meeting in even-numbered years, the Board reviews the staff-generated biennial budget request and approves the budget request that the staff will submit to the Governor and General Assembly.

## **6.5 Accept Expenditure Reports**

The Board routinely accepts expenditure reports.

## **6.6 Establish Board Committees**

The Authority's enabling legislation (ACA §15-3-106) directs the Board to establish an Executive Committee and outline its responsibilities. At its September 17, 1999 meeting, the Board empowered the Executive Committee to meet as needed between regularly scheduled Board meetings to act on proposals that have deadlines. All actions taken by the Executive Committee will be reported at the next regularly scheduled Board meeting.

In addition, the Board uses three standing committees through which the Board conducts program-related activities. The Board chair appoints the membership of the committees and names the committee chair. These standing committees are:

### Research Committee

The research committee oversees:

- Basic Research Grants
- EPSCoR Matching Grants
- Arkansas Research Matching Grants
- Applied Research Grants (and R&D Tax Credit)
- Centers for Applied Technology

The research committee reviews proposals submitted under the basic and applied research grant programs, projects recommended for matching funds by advisory committees, and activity of the Arkansas Research Matching Fund. The committee recommends projects for funding to the Board.

The vice president research staffs the research committee.

### Investment Committee

The investment committee oversees:

- Technology Transfer Assistance Grants
- Technology Development Investments
- Seed Capital Investments

The investment committee reviews applications submitted under the technology development and seed capital investment programs. The committee recommends projects for funding to the Board.

The investment committee is also the way to the Board for expenditure reports, investment fund policies and procedures, and technology transfer assistance grant funds and reports.

The vice president finance staffs the investment committee.

Industry Committee

The industry committee oversees the manufacturing extension partnership.

The industry committee reviews applications submitted under the manufacturing extension partnership. The committee recommends projects for funding to the Board.

The vice president manufacturing extension staffs the industry committee.

**6.7 Establish Advisory Committees; Approve Membership**

The Board creates and uses advisory committees, through which the Board and its committees obtain program-related information and advice. The Board advisory committees generally recommend nominees for membership to the Board, which annually approves advisory committee membership and periodically approves replacement members. Advisory committees operate under a Board-approved charter. .

Advisory committee members shall be held to the same attendance requirements as the members of the Board of Directors. (Reference: This attendance requirement was added September 12, 1994.)

**6.8 Approve Program Rules**

The Board approves all new program rules and modifications to existing program rules. Program rules are promulgated under the Administrative Procedures Act and, when formally adopted, such rules have the force of law. Once adopted, rules are modified as needed, which usually is not very often.

**6.9 Approve Program Guidelines**

The Board may adopt program guidelines that formalize Board preferences. Guidelines supplement program rules, but do not have the force of law.

**6.10 Approve Investments in R&D Projects**

The Board approves all investments of programmatic funds. Standing committees generally recommend the funding of projects in the form of funding resolutions.

**6.11 Accept TTAG Investments**

The technology transfer assistance grant (TTAG) investments are handled in a different way. The Board approves on an annual basis a specific amount of funding to be used for TTAG projects. After review and recommendation by the TTAG review panel, the president may authorize the investment. The list of investments is presented to the Board in the Operating Report at each Board Meeting.

**6.12 Approve Certificates of Tax Credits**

The Board approves all requests for Certificates of Tax Credits under the Research and Development Incentives portion of Consolidated Incentive Act of 2003.

## **Arkansas Science & Technology Authority**

### **Board of Directors Operating Guide**

#### **6.13 Receive Legislative Audit Report**

Board members annually receive a copy of the Authority's audit by the legislative joint audit committee. An audit is required by law (ACA §15-3-116).

#### **6.134 Approve Annual Report**

The Board reviews and, depending on timing, either reviews and approves the content for or approves the release of the Authority's annual report, which is required by law (ACA §15-3-123).

#### **6.15 Establish Other Board Policies and Procedures**

From time to time the Board establishes policies and procedures that are compiled in the Board policy manual.

#### **6.16 Review Assignment of Duties**

After the conclusion of the legislative session in odd-numbered years, the Board reviews appropriations and budget allocations and the Assignment of Duties.

### **Section 7: Change History**

Revision Number	Date Approved	Revision Summary
0	November 19, 1998	Original Version
1	May 21, 1999	Amended for use as Board/Commission Annual Report for the Arkansas Legislative Council
2	May 19, 2000	Amended to include: goals for the 2001-2003 biennium, roles of officers, the general conflict of interest prohibitions, review of appropriations and budget allocations, and empowerment of the Executive Committee.
3	September 21, 2001	Update section 6.1.2 per Act 1244 of 2001. Update section 6.1.3 per Act 453 of 2001. Delete figure in section 6.4 (moved to Assignment of Duties). Add section 6.15 Review Assignment of Duties.
4	September 19, 2003	Amend to include goals for the 2003-2005 biennium. Repeals section 6.1.5 per ACT 221 of 2001. Updates section 6.7 to reflect changes to Advisory Committees. Updates section 6.11 to reflect the reporting of TTAG projects.
5	October 14, 2005	Amends Section 3, 4, and 6

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### **Section 8: Approval**

**Approved** by the Board of Directors

<p><b>Arkansas Science &amp; Technology Authority</b> Board of Directors Operating Guide</p>
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on this 14<sup>th</sup> day of October 2005

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Secretary  
Board of Director